

Will more money for schools really help kids? New study may have long-term answer

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Illustration by Gabi Campanario / The Seattle Times

While research is mixed on whether increases in school spending lead to better results for students, a study suggests that influxes of dollars from court decisions lead to higher graduation rates and earnings, especially for low-income students.

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In its 2012 McCleary decision, the state Supreme Court was clear Washington's lawmakers must devote more tax dollars to our public schools to meet their constitutional responsibility.

How much more? The justices didn't say.

But the case presumes that more money will lead to a better education — and thus better college and life prospects — for every student in the state.

Does the research on school spending warrant that optimism?



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It's a surprisingly difficult question to answer.

While many wealthy parents don't question whether money matters when they shell out big bucks for private schools, researchers have debated the role of money in public education for a half-century.

Many studies have failed to find a consistent relationship between increased spending and improved test scores, which has led some policymakers to conclude that money doesn't matter — even in states like Washington, where the investment in education, compared with other states, has been average or below for many years.

But a new study, recently published in a leading economics journal, used a fresh approach that found strong ties between spending and results, and may also explain why past studies failed to find a strong relationship between the two.

That study has direct bearing on what's happening here because it focuses on what happened in school districts after state supreme courts ordered higher spending.

In short, the researchers found that students in districts with bigger windfalls did better, on average, than students from other districts in the same state that got less. They spent more time in school, for example, and had higher wages as adults.

[The study, published in The Quarterly Journal of Economics](#), is the first to show the long-term effects of school spending.

Lead author Kirabo Jackson of Northwestern University and his co-authors, Rucker Johnson at the University of California, Berkeley, and Claudia Persico at Northwestern, don't claim to have the last word on spending and achievement.

But Jackson says their study is important because it demonstrates long-term results and uncovers flaws in many past studies.

"If you have people going out there testifying to legislators that money does not matter and there's no evidence out there that money matters, then it's germane to the conversation," Jackson said.

National report

The debate over the benefits of school funding began about 50 years ago with a report ordered by Congress to look at the effect of racial segregation on students.

Named after its lead researcher, James Coleman, of Johns Hopkins University, the two-year national study reached several conclusions about the power of schools to change students' lives — including the fact that family income predicts academic success better than where students attend school.

[Coleman's study](#) also was the first national study to suggest that there is no connection between the amount of money spent per student and how well students perform on tests.

That finding has been confirmed in some follow-up studies and contradicted by others, which is frustrating for lawmakers who want clear answers.

The mixed results reflect a serious limitation that's easy to miss in the fancy equations: researchers don't understand how teaching produces learning.

The process is obviously more complicated than building a car, but economists disagree about what to measure and how to judge whether investments in education are productive.

"We know that (education) is different, but we're not sure exactly how and in what ways it happens," said Margaret Plecki, a University of Washington school-finance expert.

Another challenge is that increases in spending often are tied to changes in a district's population — like an increase in the number of students from low-income families.

Long-term effects of court-ordered school spending increases

A study that tracked roughly 15,000 students over four decades found that those who spent significant time in a district that received a court-ordered spike in spending were more likely to graduate and had higher hourly wages at age 40 than students in districts that received less money.

WAGES AT AGE 40

Orange: Average hourly wage when per-pupil spending increased 10 percent a year for 12 years.

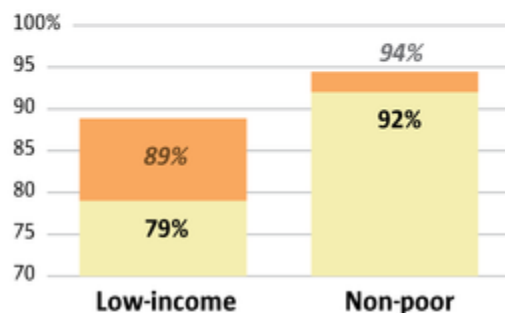
Yellow: Average hourly wage of all students, by childhood family income.



HIGH SCHOOL GRADUATION

Orange: Average rate when per-pupil spending increased 10 percent a year for 12 years.

Yellow: Average rate of all students, by childhood family income.



Source: Kirabo Jackson, Northwestern University

KELLY SHEA / THE SEATTLE TIMES

Because those students, on average, tend to score lower on tests than richer classmates for reasons that have nothing to do with the school, that can make spending look like it matters less than it really does.

But Jackson and his colleagues think they've gotten around that problem by tracking big spending increases that came out of court cases in 28 states between 1971 and 2010. They argue that the timing of those windfalls was unrelated to changes in student populations.

"It's like a helicopter drop of money," Jackson said.

They were able to follow the lives of about 15,000 students — drawn from a national household survey that has tracked about 18,000 individuals and their children since 1968 — who attended school before, during and after those reforms.

The researchers made two predictions: All the kids in districts that got bigger money drops would do better in life than kids in other parts of the same state that got smaller amounts, and within districts, students who were in the schools longer after the windfall would do better than those who either left before it started or stayed just a few years.

They were right on both counts, especially for children from low-income families.

In the places where per-student spending increased by 10 percent each year over 12 years of public school, low-income students who spent their whole school careers in those districts earned about 13 percent more at age 40, on average. They also were more likely to graduate and stay out of poverty.

The new study is "a very big deal," said Linda Darling-Hammond, an emeritus professor at Stanford who leads a national think tank on education policy that includes two of the study's authors.

While not the first to find positive effects from more money, she said, it's probably the most substantial study to follow students for so long.

State is 29th highest in spending

How money is spent matters, of course — it's certainly possible to spend a lot badly and get no results.

Not that Washington has ever been a state to throw money at its public schools.

In the 2012-2013 school year, for example, Washington spent a total of \$9,672 per student, counting state, local and federal money. That was 29th highest among the 50 states and the District of Columbia, according to [U.S. census data released last year](#).

"It's not like Washington has any history of overspending in education relative to other states," said Plecki, UW's school-finance expert. "We have been a middle-of-the-roader or below for many, many, many years."

Jackson's study wasn't designed to figure out why big influxes of dollars led to better results, but he and his colleagues have some theories, based on how districts used their money.

They found, for example, that districts tended to raise teacher salaries, lower class sizes and increase instructional time, which previous research has linked to better student results.

Washington state lawmakers have promised to do all three.

They added 80 hours of annual instructional time for grades 7-12 beginning in 2014, and they plan to lower K-3 average-class sizes significantly — not just by one or two students, which research has shown is too little to make a difference.

As for teacher pay, they're talking about raising that, too — although there's debate about how, with some arguing that pay increases should favor beginning teachers to attract more talent to the profession.

That's what a [legislative committee recommended in 2012](#) after determining that Washington's beginning teachers make a little more than half the salary of their most experienced colleagues with 16 years of experience and a Ph.D.

Dan Goldhaber, who directs the Center for Education Data & Research at the University of Washington, Bothell, also says [his recent study into the state's bonus program for National Board Certified Teachers](#) found that it boosted the percentage of such teachers in low-income schools — an investment in teaching quality that he says makes more sense than giving teachers a 21 percent raise for earning a master's degree, the highest such pay bump in the nation, the 2012 committee said.

Whatever happens with those debates, basic economics suggests that it's unlikely Washington would get the same bang for the buck today as court decisions from the 1970s and '80s because of the law of diminishing returns — education spending is higher than it was back then.

But Jackson's study suggests that the McCleary decision, if followed, would improve the long-run prospects of the state's 1 million school children — especially disadvantaged kids.

He and his colleagues found that a 25 percent increase in per-student spending over the course of a student's school-age years could eliminate the gaps in income and years of education between children from low-income families and those making at least twice the poverty line. And so far, Washington has increased state per-pupil spending by 33 percent.

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